

Wisconsin Department of Regulation & Licensing

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DIVISION OF PROFESSIONAL CREDENTIAL PROCESSING

USPAP COMMENTS FROM REAL ESTATE APPRAISER APPLICATION ADVISORY COMMITTEE

The Real Estate Appraiser Application Advisory Committee is comprised of appraiser practitioners who serve on a volunteer basis to review appraisals submitted to DRL by those seeking appraisal credentials. The review is to determine if the submitted reports comply with USPAP. Meetings are held approximately every six weeks; the schedule is posted on DRL's web site.

The following summary groups the USPAP Standards Rules into three categories based on our experience to date. The standards rules are grouped according to the 2006 version of USPAP and address exclusively the "introductory" rules and Standards Rules 1 and 2 since the majority of applicants fall under these rules. Interested parties are urged to refer to the actual USPAP document which can be accessed at <http://commerce.appraisalfoundation.org/html/2006%20USPAP/toc.htm>.

Standards Rules for which violation will likely result in the applicant being asked to provide new reports which fully comply with USPAP:

- S.R. 1-2a Identify the client and other intended users.
- S.R. 1-2b Identify the intended use of the appraiser's opinions and conclusions.
- S.R. 1-2c Identify the type and definition of value.
- S.R. 1-2d Identify the effective date of the appraiser's opinions and conclusions.
- S.R. 2-2 Each written real property appraisal report must be prepared under one of the following three options and prominently state which option is used: Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Use Appraisal Report.

Standards Rules for which violation will likely result in denial of an appraisal credential, and which may result in referring the applicant and/or any supervisory appraiser to Enforcement:

Ethics Rule

Competency Rule

Scope of Work Rule (formerly S.R. 1-2f)

Jurisdictional Exception Rule

Supplemental Standards Rule

- S.R. 1-1 In developing a real property appraisal, an appraiser must be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal; not commit a substantial error of omission or commission that significantly affects and appraisal; and not render appraisal services in a careless or negligent manner, such as making a series of errors, that, although individually might not significantly affect the results of an appraisal, in the aggregate affects the credibility of those results.
- S.R. 1-4 In developing a real property appraisal, an appraiser must collect, verify, and analyze information necessary for credible assignment results.
- S.R. 2-1 Each written or oral real property appraisal report must clearly and accurately set forth the appraisal in a manner that will not be misleading; contain sufficient information to enable the intended users of the appraisal to understand the report properly; and clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical condition, and limiting conditions used in the assignment.
- S.R. 2-3 Each written real property appraisal report must contain a signed certification that is similar in content to that contained in the USPAP document.
- S.R. 2-4 To the extent that it is both possible and appropriate, an oral real property appraisal report must address the substantive matters set forth in Standards Rule 2-2(b).

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Standards Rules for which violation may result in either of the above actions:

- S.R. 1-2e Identify the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal.
- S.R. 1-2f Identify any extraordinary assumptions in the assignment. (Formerly S.R. 1-2g)
- S.R. 1-2g Identify any hypothetical conditions necessary in the assignment. (Formerly S.R. 1-2h)
- S.R. 1-3 When necessary for credible assignment results in developing a market value opinion, an appraiser must identify and analyze the effect on use and value of existing land use regulations.....; and develop an opinion of the highest and best use of the real estate.
- S.R. 1-5 When the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business analyze all agreements of sale, options, and listings of the subject property current as of the effective date of the appraisal; and analyze all sales of the subject property that occurred within the three years prior to the effective date of the appraisal.
- S.R. 1-6 In developing a real property appraisal, an appraiser must reconcile the quality and quantity of data available and analyzed within the approaches used; and reconcile the applicability or suitability of the approaches used to arrive at the value conclusion(s).

April 26, 2006